

March 26, 2021

Company Name	<b>SUMIDA CORPORATION</b>
Representative	Shigeyuki Yawata, Representative Executive Officer (CEO) (Securities Code 6817, 1st Section, Tokyo Stock Exchange)
For Inquiries	PR / IR Team (Phone: 81-3-6758-2470)

## **Notice on the Issuance of Performance-linked Share Acquisition Rights (Stock Options)**

SUMIDA CORPORATION (hereafter the “Company”) would like to announce that, pursuant to the Article 9 of Sumida Corporation’s Rules of the Board of Directors (Matters to be decided by the Board of Directors as resolved by the Board, and delegation of power to executive officers), Representative Executive Officer and CEO Shigeyuki Yawata decided as follows to issue performance-linked share acquisition rights (stock options) to the executive officers of the Company and to directors and employees of the Company’s subsidiaries.

### 1) Date for the decision

-Date: March 25, 2021 (Thursday) 5:00 pm (Japan standard time)

### 2) Decisions

-Issuance of performance-linked share acquisition rights (stock options) to the executive officers of the Company and to directors and employees of the Company’s subsidiaries

Details of the decisions are as follows.

## **Performance-linked share acquisition rights (stock options) for the executive officers of the Company and to directors and employees of the Company’s subsidiaries**

### 1. Objectives to introduce this stock option scheme and reasons for the need to solicit subscribers for share acquisition rights on particularly favorable terms

The Sumida Group formulated the Mid-Term Business Plan covering the three-year period from the fiscal year ending December 31, 2021 to the fiscal year ending December 31, 2023. In aiming to achieve the targets in the Mid-Term Business Plan, realize

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sustainable growth and enhance mid- and long-term corporate value, share acquisition rights will be issued, without contribution, to directors and employees of the Company's subsidiaries, upon exercise of which shares are delivered on stipulation that the value of property to be contributed upon exercise of the share acquisition rights is one (1) yen per share.

## 2. Summary of issuance of the share acquisition rights

### (1) Maximum number of the share acquisition rights

The maximum number of the share acquisition rights shall be 1,117 for the executive officers and 6,000 for the others.

The above number is the estimated number of the share acquisition rights to be allotted. In the event that the number of the share acquisition rights to be allotted decreases due to cancellations of subscription, the maximum number of the share acquisition rights to be issued shall be the same as the number of the share acquisition rights to be allotted.

### (2) Exercise period of the share acquisition rights

April 1, 2024 to March 31, 2033 for the executive officers and April 1, 2024 to March 31, 2039 for the others.

### (3) Allotment date of the share acquisition rights

April 23, 2021

### (4) Terms and conditions for exercising the share acquisition rights

- (a) Provided that the two conditions of (i) operating profit recorded in consolidated statement of profit or loss in the annual securities report (hereinafter referred to as "Performance Assessment Level") reaches 6 billion 400 million yen or more, in any fiscal year of the Company, from the fiscal year ending December 31, 2021 to the fiscal year ending December 31, 2023 (hereinafter referred to as "Target Fiscal Years"), (ii) the average return on invested capital during the Target Fiscal Years reaches 4.9 % or higher, are met, the maximum number of share acquisition rights that each share acquisition rights holder may exercise shall be the number of share acquisition rights held by each holder multiplied by exercisable ratio (calculated by dividing the largest amount achieved during Target Fiscal Years (the Performance Assessment Level can only be a maximum of 10,000 million yen even if operating profit recorded in consolidated statement of profit or loss in

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the annual securities report exceeds 10,000 million yen) by 10,000 million yen (any fraction of less than one (1) unit shall be discarded). However, if a significant change occurs in the concept of index to be referred to, the Board of Directors shall determine another index to be referred to.

- (b) share acquisition rights holder must be in a position of the executive officers of the Company and director or employee of the Company or its subsidiary (collectively, the “Required Position”) until the time of exercise of the share acquisition rights on a continuing basis.
- (c) With regard to share acquisition rights holders, there must not be a situation where dismissal of director has been adopted at a general meeting of shareholders of the relevant subsidiary of the Company, or where punitive dismissal has been decided pursuant to the rules of employment of the Company or its subsidiary, or a similar situation, as of the time of exercise of the share acquisition rights.
- (d) Notwithstanding (b) above, share acquisition rights may be exercised by a share acquisition rights holder who is an executive officer even when such share acquisition rights holder has lost the Required Position, if the reason for the loss of the Required Position is retirement because of the expiration of term of office, retirement assigned by company, retirement mainly because of physical disability resulting from occupational injury or illness or resignation or retirement similar to these, and share acquisition rights may be exercised by a share acquisition rights holder who is not an executive officer even when such share acquisition rights holder has lost the Required Position, if the reason for the loss of the Required Position is mandatory retirement at the age limit, retirement because of reaching contractual age-limit, retirement assigned by company, retirement mainly because of physical disability resulting from occupational injury or illness, dismissal because of unavoidable operational reason (layoff) or resignation or retirement similar to these. In this case, the holder may exercise share acquisition rights only from and including whichever is later of the date of loss of the Required Position or the commencement date of the Exercise Period, to and including the date on which two (2) years have elapsed from the aforesaid date on the condition that the last day is on or before the expiration date of the Exercise Period. However, if the date of loss of the Required Position is prior to the commencement date of the Exercise Period, the number of share acquisition rights that can be exercised is calculated based on the following formula (any

fraction of less than one (1) unit shall be discarded):

$$\begin{array}{rcl}
 \text{Number of} & & \\
 \text{exercisable share} & = & \text{Limit number of} \\
 \text{acquisition rights} & & \text{(a) above} \\
 & & \times \frac{\text{The number of days} \\
 & & \text{from the allotment date} \\
 & & \text{to the date of loss of the} \\
 & & \text{Required Position}}{\text{The number of days} \\
 & & \text{from the allotment date} \\
 & & \text{to the day immediately} \\
 & & \text{preceding the} \\
 & & \text{commencement date of} \\
 & & \text{the Exercise Period of} \\
 & & \text{the share acquisition} \\
 & & \text{rights}}
 \end{array}$$

(e) Share acquisition rights may not be exercised by inheritors of share acquisition rights.

(f) Any fraction of a share acquisition right less than one (1) may not be exercised.

(5) Handling of fractions of less than one (1) share resulting from exercise of share acquisition rights

Any fraction of less than one (1) share included in the number of shares to be delivered to a share acquisition rights holder who exercised share acquisition rights shall be discarded.

(6) Persons to be allotted the share acquisition rights

Executive officers of the Company	2
Directors of the Company's subsidiaries	19
Employees of the Company's subsidiaries	30

The above is the estimated (or maximum) number of people. In the event of cancellations of subscription, there is a possibility that the above number of people will decrease.

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